

# **SUFFOLK COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **AUDIT & FINANCE COMMITTEE CHARTER**

This Charter shall also serve as the charter for the Audit & Finance Committee of the Suffolk County Industrial Development Agency (the “Agency”).

### **ARTICLE I**

#### **Establishment of Audit & Finance Committee; Core Responsibilities**

The Agency established an Audit & Finance Committee pursuant to Section 1 of Article III of the Agency’s By-Laws (“By-Laws”). The By-Laws set forth the composition and basic responsibilities of the Audit & Finance Committee.

The core responsibilities of the Audit & Finance Committee, as mandated under Section 2824(4) & (8) of the New York Public Authorities Law, are set forth in the Bylaws and include: (i) providing assistance to members of the Agency in fulfilling their fiduciary responsibilities relating to accounting, reporting and regulatory compliance practices; (ii) maintaining, by way of regularly scheduled meetings, a direct line of communication between the members of the Agency and the Agency’s independent accountants and auditors to provide for exchanges of views and information; (iii) maintaining, as appropriate, a direct line of communication between the members of the Agency and the governmental authorities having audit authority or fiscal oversight of the Agency; (iv) approving the budget of the Agency for submission to the Board; and (v) review proposals for the issuance of debt by the Agency and to make recommendations.

### **ARTICLE II**

#### **Composition**

Members of the Audit & Finance Committee shall be elected and serve in accordance with the Bylaws and, to the extent practicable, members of the Audit & Finance Committee should be familiar with corporate financial and accounting practices. The Board shall designate one member of the Audit & Finance Committee to serve as chair of the Audit & Finance Committee.

The Audit & Finance Committee must consist of at least three “independent members” as required by Section 2825 of the New York Public Authorities Law.

### **ARTICLE III**

#### **Committee Meetings**

The Audit & Finance Committee will meet a minimum of twice each calendar year (at least once prior to the commencement of the annual audit process and once after completion of the annual audit process). Additional meetings may be necessary or appropriate to adequately fulfill

the obligations and duties outlined in this Charter. All committee members are expected to attend each meeting, in person or via videoconference. The Audit & Finance Committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

A quorum of the Audit & Finance Committee shall consist of a majority of the members then serving on the Audit & Finance Committee. The affirmative vote of a majority of the members then serving on the Audit & Finance Committee shall constitute an act of the Audit & Finance Committee. Minutes of all meetings shall be recorded by the Secretary or any Assistant Secretary of the Agency. All meetings shall comply with the requirements of the Open Meetings Law.

#### **ARTICLE IV** **Committee Duties and Responsibilities**

The Audit & Finance Committee shall have responsibilities related to: (a) the independent auditor and annual financial statements; (b) oversight of management's internal controls, compliance and risk assessment practices; (c) special investigations; (d) miscellaneous issues related to the financial practices of the Agency; and (e) shall review proposals for the issuance of debt by the Agency and make recommendations regarding such proposed debt issuance.

##### **A. Independent Auditors and Financial Statements**

The Audit & Finance Committee shall:

(i) Recommend to the Board the hiring of independent auditors, establish the compensation to be paid to the auditors retained by the Agency and provide oversight of the audit services provided by the independent auditor.

(ii) Establish procedures for the engagement of the independent auditor to provide permitted audit services. The Agency's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the Audit & Finance Committee. Non-audit services include tasks that directly support the Agency's operations, such as (a) bookkeeping or other services related to the accounting records or financial statements of the Agency; (b) financial information systems design and implementation; (c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports; (d) actuarial services; (e) internal audit outsourcing services; (f) management functions or human resource services; (g) broker or dealer, investment advisor, or investment banking services; and (h) legal services and expert services unrelated to the audit function.

(iii) Review and approve the Agency's audited financial statements, associated management letter and all other auditor communications.

(iv) Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements of the Agency.

(v) meet with the Agency's independent auditor at least annually to discuss the financial statements of the Agency, and on an as-needed basis to discuss any significant issues that may have surfaced during the course of the audit.

(vi) Review and discuss any significant risks reported in the independent audit findings and recommendations and assess the responsiveness and timeliness of management's follow-up activities pertaining to the same.

B. Internal Controls, Compliance and Risk Assessment

The Audit & Finance Committee shall review management's assessment of the effectiveness of the Agency's internal controls and review the actions taken by management on the independent accountants' and auditors' suggestions for correcting weaknesses, if any, in the Agency's internal controls, regulatory compliance, organizational structure and operations, and if applicable, any weaknesses noted.

C. Special Investigations

The Audit & Finance Committee shall:

(i) Ensure that the Agency has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by the directors, officers or employees of the Agency or any persons having business dealings with the Agency or breaches of internal control.

(ii) Develop procedures for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing.

(iii) Request and oversee special investigations as needed and/or refer specific issues to the Board or appropriate committee of the Board for further investigation.

D. Other Responsibilities

The Audit & Finance Committee shall obtain information and training needed to enhance the committee members' understanding of the role of the independent auditor, the risk management process, internal controls and a certain level of familiarity in financial reporting standards and processes.

E. Debt Issuance

The Audit & Finance Committee shall review proposals for the issuance of debt and make recommendations regarding such proposed debt issuance.

**ARTICLE V**  
**Committee Reports**

The Audit & Finance Committee shall:

- A. report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Audit & Finance Committee and when otherwise requested by the Board;
- B. report to the Board, at least annually, regarding any proposed changes to this Charter;
- C. report to the Board on a periodic basis, at least annually, the findings of its independent auditors. These reports shall include careful consideration of the actions taken by management on the independent auditors' suggestions for correcting weaknesses, if any, in the Agency's internal controls, regulatory compliance, organizational structure and operations. These reports may include the adequacy of the audit effort by the Agency's independent auditors, the financial and regulatory compliance reporting decisions of management, the adequacy of disclosure of information essential to a fair presentation of the financial affairs and regulatory compliance efforts of the Agency, and the organization and quality of the Agency's system of management and internal accounting controls.

**ARTICLE VI**  
**Amendments**

This Charter may be amended upon affirmative vote of a majority of the Board of the Agency.